

**Senate File 2247 - Introduced**

SENATE FILE 2247

BY COMMITTEE ON TRANSPORTATION

(SUCCESSOR TO SSB 3124)

**A BILL FOR**

1 An Act relating to the use of licenses and advertisements by  
2 motor vehicle dealers and wholesalers, and making penalties  
3 applicable.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 322.2, subsection 7, Code 2016, is  
2 amended to read as follows:

3 7. "*Engaged in the business*" means doing any of the  
4 following acts for the purpose of the sale of motor vehicles  
5 at retail: acquiring, selling, exchanging, holding, offering,  
6 displaying, brokering, accepting on consignment, conducting a  
7 retail auction, advertising as being engaged in any of those  
8 acts, or acting as an agent for the purpose of doing any of  
9 those acts. A person selling at retail more than six motor  
10 vehicles during a twelve-month period may be presumed to be  
11 engaged in the business.

12 Sec. 2. Section 322.3, subsection 3, Code 2016, is amended  
13 to read as follows:

14 3. Subsections 1, and 2, and 16 shall not be construed  
15 to require the separate licensing of persons employed as  
16 salespersons of motor vehicles by a retail motor vehicle  
17 dealer. However, the department may promulgate reasonable  
18 rules as necessary for the proper identification of persons  
19 employed as salespersons.

20 Sec. 3. Section 322.3, subsection 12, Code 2016, is amended  
21 to read as follows:

22 12. A person who has been convicted of a fraudulent  
23 practice, has been convicted of three or more violations of  
24 section 321.92, subsection 2, or section 321.99, has been  
25 convicted of three or more violations of subsection 16 of  
26 this section in the previous three-year period, or has been  
27 convicted of any other indictable offense in connection with  
28 selling or other activity relating to motor vehicles, in this  
29 state or any other state, shall not for a period of five  
30 years from the date of conviction be an owner, salesperson,  
31 employee, officer of a corporation, or representative of a  
32 licensed motor vehicle dealer or represent themselves as an  
33 owner, salesperson, employee, officer of a corporation, or  
34 representative of a licensed motor vehicle dealer.

35 Sec. 4. Section 322.3, Code 2016, is amended by adding the

1 following new subsection:

2 NEW SUBSECTION. 16. A motor vehicle dealer or wholesaler  
3 licensed under this chapter shall not sell, loan, rent, lease,  
4 or charge a fee for the use of the license to another person for  
5 the purpose of allowing the person to engage in the business of  
6 selling motor vehicles.

7 Sec. 5. NEW SECTION. 322.7C Motor vehicle dealer  
8 advertising.

9 A print publication or digital media advertisement for the  
10 sale of a particular motor vehicle by a motor vehicle dealer  
11 licensed under this chapter, other than an advertisement  
12 located on the premises of the dealer's place of business,  
13 shall include the name under which the dealer engages in  
14 the business and the dealer's general distinguishing number  
15 assigned by the department pursuant to section 321.59.

16 EXPLANATION

17 The inclusion of this explanation does not constitute agreement with  
18 the explanation's substance by the members of the general assembly.

19 This bill expands the definition of "engaged in the  
20 business" as the term relates to motor vehicle manufacturers,  
21 distributors, wholesalers, and dealers to include advertising  
22 as being engaged in acquiring, selling, exchanging, holding,  
23 offering, displaying, brokering, accepting on consignment, or  
24 conducting a retail auction of motor vehicles.

25 The bill prohibits a licensed motor vehicle dealer or  
26 wholesaler from selling, loaning, renting, leasing, or charging  
27 a fee for the use of the license to another person for the  
28 purpose of allowing the person to engage in the business of  
29 selling motor vehicles. Three or more violations of this  
30 provision in a three-year period will result in the violator  
31 being barred from being an owner, salesperson, employee,  
32 officer of a corporation, or representative of a licensed motor  
33 vehicle dealer or representing themselves as such for five  
34 years. The provision does not require the separate licensing  
35 of persons employed as salespersons by a dealer.

1     The bill requires a print publication or digital media  
2 advertisement for the sale of a particular motor vehicle by  
3 a motor vehicle dealer, other than an advertisement located  
4 on the premises of the dealer's place of business, to include  
5 the name under which the dealer engages in the business and  
6 the dealer's general distinguishing number assigned by the  
7 department of transportation.

8     Under current law, a violation of a provision of Code chapter  
9 322 (motor vehicle manufacturers, distributors, wholesalers,  
10 and dealers) is a simple misdemeanor punishable by a fine of  
11 not less than \$250 nor more than \$1,500 or by imprisonment not  
12 to exceed 30 days.